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## HR and THE TOP TABLE

### ABSTRACT

**Purpose** - *The purpose of this paper is to examine the components that drive employee engagement and show how important it is to understand the individualism of motivation as against generic assumptions.*

**Design/methodology/approach** - *The paper defines employee engagement and takes four drivers that influence it in turn. These are analysed and discussed, particularly as to the individualistic elements of them. Two approaches to understanding individual goals and priorities are illustrated.*

**Findings** - *There are four drivers of engagement: the absence of dissatisfaction or irritation factors; intrinsic motivation that is inner driven, extrinsic motivation that is external stimulation, and personal wellbeing. Each of these have highly individualistic elements, and models based on a generic human condition do not work effectively. Two instruments for understanding this individualism are illustrated, one based on goal theory and one based on the psychological contract.*

**Practical Implications** *Many motivational efforts fail because of an assumed commonality in what motivates people. The reality is that different personalities and different personal goals and values require individual approaches. Successful engagement demands that leader/managers make it a priority to understand each one of their people in these terms.*

**Originality/value** - *This paper is based mostly on the writing, models and experience of the author.*

**Keywords** - *Employee Engagement, Wellness, Leadership*

**Paper type** *Conceptual paper*

It was Professor Dave Ulrich of the University of Michigan who changed the landscape and ambition of the HR profession. His book “Human Resource Champions” (1997).

Over recent years it has been popular for many HR professionals to retitle themselves as “business partners”. This is not a title unique to HR and it is sometimes used by Finance and even IT; it reflects the legitimate concern of support functions to be closer to the business itself. The power behind this in HR has been their most prolific guru of the last decade - Professor Dave Ulrich of the University of Michigan.

Ulrich is popularly credited with the currently accepted design of the “modern” HR department, although it does not seem to be too different from how it was in the eighties. This consists of three “legs” - centralised or outsourced administration services, centres of specialist excellence, and people working with the business managers directly in “partnership”. Technology has undoubtedly enhanced administrative delivery, and the range of contributions from an HR function has been extended - but the

concept of experienced functional managers being aligned to business teams is nothing new.

In fact Ulrich himself denies originating this so called “three legged stool”. He did introduce the concept of strategic business partner (commenting that “partner” should be the term of choice for HR people) but in his original 1997 model proposed four key roles. These were on two axes of “day to day vs strategic” and “people vs process”. This led to four quadrants which he named “strategic partner”, “administrative expert”, “employee champion” and “change agent”. Although we have seen the growth of specialisms such as talent management and engagement, which arguably champion employees, the latter two roles have generally been underplayed in the sense that Ulrich intended.

Ulrich is at pains to point out that the concept of business partnership is the sum of all the roles, emphasising that contributing to strategic issues is but one part. Indeed at a conference in Rome in 2008, where some criticism was directed at his “unworkable business partner model”, he justifiably defended himself by saying he had been misinterpreted. His key message, then and now, was for HR to become more business orientated.

The way in which the “stool” has been applied has not always led to a more effective HR function in terms of value added. Although often grandly called “transformation”, it has often been linked with cost cutting at the expense of personal service, so that managers have been frustrated at the inaccessibility of HR. Added to this the function has tried to shelve people management issues and some administration back to managers. Of course managers should manage people, but the way it has been done has not always made friends. This has not put them in a good mood to accept the concept of some people who understand little of the business, posturing as “strategic partners”. Then the number of so called business partners who actually interact with business managers is often woefully low. They do not have time to seriously partner with anyone, in terms of spending time with individual manager needs. Because there is a solid platform of administration and problem solving issues that is the bedrock of HR work, business partners have themselves become frustrated at the way their time is used. Many surveys have asked HR people how much time they spend on “being strategic” as opposed to being involved in administrative matters and decried the low percentage of time spent on the former. The implication always is that the latter needs to decrease and the former to increase - that the mark of arrival is when most of the time is spent on “strategic” matters.

One example is a report by the respected HR consultants Mercer Human Resource Consulting. In an article entitled “Delivering on the promise of HR transformation” Philip Vernon summarises a global research study which covered 1100 organisations worldwide. HR transformation is described as “moving from a high cost low-value function to a low cost, high value business partner. HR moves away from administration and towards a more value added strategic role”. The findings were that 50% of time was being spent on administrative and compliance issues and less than 15% on

“strategic, value based interventions”. The implication clearly is that this is bad news and shows how slow transformation is happening. Or is it just the realism of a role that is fundamentally supportive to operations?

### **What does it mean to “be a strategic business partner”?**

In 1980 I secured my first “HR Business Partner” role. Of course that was not my job title - this was “Personnel Manager”. But I was responsible for the whole function in a subsidiary company of 2000 people in an international IT group, a member of the management team and reporting to the Managing Director. Soon after starting I booked an appointment with Tony, the MD, in order to agree my objectives for the coming year. I sat down and he looked at me quizzically. “Andrew, he said, I asked you to join us because I know you know what you are doing in managing your department and I trust your judgement to recognise any needed changes to our Personnel and Training. I will judge you by the extent to which our other colleagues around this table find you helpful in achieving their objectives”.

After two years our subsidiary was “restructured”. Tony invited me to take a marketing role in one of the new offshoots. With much trepidation I accepted and spent the next two years so immersed in the excitement of my particular business objectives that I found - to my dismay - that I was looking on the Personnel department as a “necessary nuisance”.

All the activities that engaged me so seriously before seemed irrelevant. It was getting new customers that mattered. I eventually did go back to HR, a much wiser man.

Two lessons remained with me, as I returned to HR. The first was that HR’s agenda is but a small part of the line manager’s preoccupations, and the second was that to be a valued partner (or colleague, as I would have said then) I needed to focus on what managers were trying to achieve as the priority, rather than what I wanted to accomplish professionally

Partnership cannot be a unilateral declaration - it must result from a dialogue and from agreeing mutual expectations. Ulrich emphasises what he calls “organisational diagnosis” as the heart of strategic partnership - analysing what factors make for effectiveness and generating ways to assess and improve those. In other words, it means starting with the agenda of the operational business rather than with HR’s own.

### **Belonging and Contributing to a Business Team**

The essence of partnership is belonging to the business team - being a part of it and contributing to the decisions it needs to make. It seems inappropriate for individuals to use the term “Business Partner” if they are just “assigned” to several areas of the business. We would expect to find true business partners as involved members of business unit teams, public sector service departments and agencies, country operations - any unit which has some autonomy in determining its direction and dealing with its clients. In addition to the top management team of an organisation, this

would typically be at least at the first level below, and maybe at one below that.

We suggest a new way of looking at the role of such an HR Business Partner, or as Wendy Hirsh suggested in a recent study, the better term might be “People Partner”, and propose three key roles - the first of which is *providing support*. We do not have the space to develop these roles but this one includes:

- Personal support to the leader of the team
- Personal support to individual team members
- Professional support to the team - through HR advice, consultancy, data and information, effective processes, managing employee feedback, projects which support the operations, and learning programmes

The second is *contributing to the decisions of the team*. Any member of a business team must wear two hats and be concerned with two sets of interests, which may sometimes conflict. First, they represent their own unit or function, and second they represent the collective interest of the team. Many a CEO has sought help with the latter - “how can I get people to stop thinking only of their own area and think about US?” is the cry. The HR member of the team has a people-professional perspective to offer but also will only contribute effectively if they understand what is going on. It is somewhat ingenuous and naïve to take this for granted - not all businesses are easy to understand from a technical point of view. But the underlying business model - what generates margin and profitability - should be fully comprehended. The HR should be able to make a specific contribution to:

- Helping define vision, values and principles
- Helping define business strategies
- Business performance management and review
- Mergers, acquisitions, partnerships and divestments
- Organisation and resource restructuring
- Corporate governance
- Collective Response to issues and problems
- Initiatives for change and investment

And particularly (*as the servant of the team*):

- Taking responsibility for “Team Maintenance” ie the healthy functioning of the team itself

The third vital role is *Leading*. Not leading the business itself, but suggesting ideas and proposing initiatives that lead the organisation to be more effective. This is not because they want to try out some other organisation’s great programme, nor because it is the topical issue of the day, but because it is right for the organisation. CEO’S always have their own focus of interests. Some are technical and are inspired by product ideas. Others are

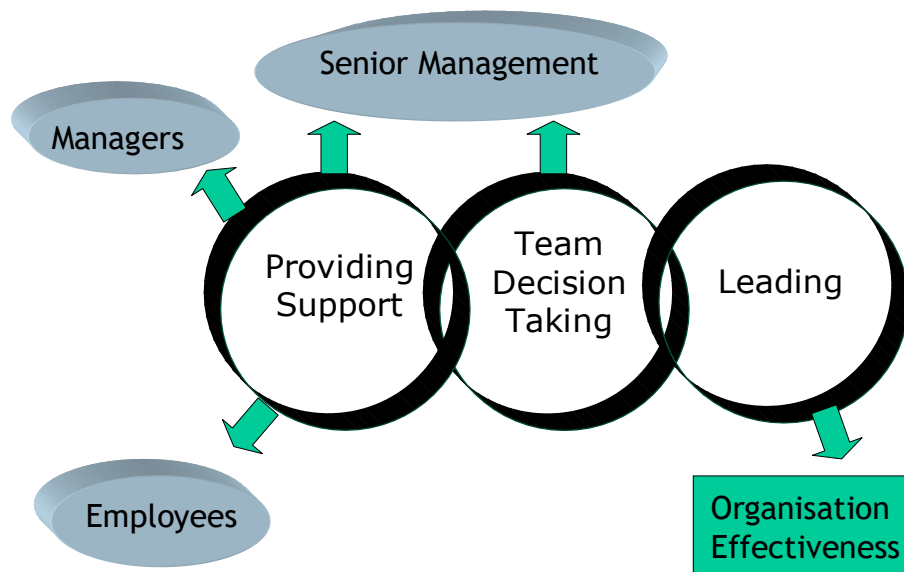
financially orientated and focused exclusively on the bottom line. A few are so interested in people and organisation that they drive the HR function personally. This is both a blessing and a curse as we can imagine - hopefully more of the former. Without such a CEO, if the HR Director does not lead in the areas of organisational change and people management processes, no-one else will. Unlike his or her line colleagues they see the whole picture. This is a tremendous responsibility - to propose investments in people management and people development that will bring good returns in their benefits for the business. This may include proposing initiatives in and leading on:

- Defining a cultural vision and leading on culture change
- Organisational change - structure and ways of working
- Executive and management development
- Resource planning and strategies
- Reward, retention and motivation
- Performance management
- Talent management
- Knowledge management
- Communication strategies
- The use of people related measures

These three areas of “partnership” contribute value in different ways. The first adds value, day by day, to managers and to teams in the organisation by helping them achieve their goals. The second adds value to the management team through an individual contribution of wisdom and judgement and ensuring people perspectives are taken into account. The third area is about creating a more effective organisation for the future. “Adding value” is not just an expression that means “being valued and respected”, although the two are obviously related. Indeed this term is to be preferred to “being strategic”.

They can be summarised as three connecting circles in this way:

## THE NATURE OF BUSINESS PARTNERSHIP



### Summary

The Head of HR of RBS came in for a lot of criticism by the HR community for “allowing” the excesses of that company in 2008. Eventually in December 2009 he made a robust response about the limitations that he had in controlling events, which even his operational colleagues did not understand and defended the good things HR had done. He offered his resignation which was not accepted. This drew even more angry letters in *People Management*. We should not overstate the influence that HR can have on a business even if doing its best to be an effective business partner. The contribution it can make is immense.

Much of this will resonate with Finance professionals who equally share a desire to be taken “strategically”. They are generally better equipped for being true business partners due to their underlying knowledge about how business works. But if any reader is interested in how the model above would apply to their own function, then I would find it an interesting dialogue.